Interview with Bruce F. Duncombe

Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

BRUCE F. DUNCOMBE

Interviewed by: Charles Stuart Kennedy

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Q: Do you go by Bruce?

DUNCOMBE: Yes.

Q: When and where were you born?

DUNCOMBE: I was born in Brockton, Massachusetts in 1937.

Q: Tell me something about your family, first on your father's side,and then your mother's side.

DUNCOMBE: My father was a physician. My mother was a mother,housewife.

Q: Where did you father go to get his training?

DUNCOMBE: He went to Rutgers College, and then Harvard Medical School.

Q: Was the family a medically-oriented family?

DUNCOMBE: No, his father was a born-again Presbyterian preacher.

Q: Were they from New England? DUNCOMBE: No, New Jersey.

Q: Now, on your mother's side.

DUNCOMBE: Her father ran an ice and coal company..

Q: Where?

DUNCOMBE: Brockton, Massachusetts.

Q: Did she go to college or university?

DUNCOMBE: No.

Q: Did you have brothers or sisters?

DUNCOMBE: I have a younger brother, and two younger sisters.

Q: So, you were the oldest?

DUNCOMBE: The oldest of four.

Q: Were you brought up in Brockton?

DUNCOMBE: Except for two years during the war, when my father wastationed in California.

Q: Where in California?

DUNCOMBE: We lived in a place called Niles. I think his base was ouof Oakland, but he was gone a lot of the time on a hospital ship.

Q: So, he was a Naval officer?

DUNCOMBE: He was a Naval officer/doctor.

Q: Then, you came back to Brockton?

DUNCOMBE: That is correct. I went to public schools in Brockton, angraduated from Brockton High School.

Q: Let's take the elementary schools first in Brockton. Whainterested you more than others, as far as subjects?

DUNCOMBE: In elementary school or do you mean high school?

Q: Let's try elementary school first.

DUNCOMBE: I can't imagine.

Q: Were you much of a student?

DUNCOMBE: Yes. I did very well in the public schools in Brockton. When I got to college, I learned to play bridge, and became an awfully good bridge player, to the detriment of my academic performance.

Q: In Brockton, at the high school level, were you able to concentrate in any particular areas?

DUNCOMBE: Primarily mathematics and sciences.

Q: What interested you about them?

DUNCOMBE: I could do it, unlike many other people in my class. As I was heading off to college, I was thinking I would move into some sort of scientific career, but I found economics much more interesting.

Q: How about during high school, did you get involved in anextracurricular activities at all?

DUNCOMBE: I was in a number of drama productions and was editor othe yearbook during my senior year. I also played in the band.

Q: What did you play?

DUNCOMBE: Saxophone.

Q: Did you have a dance band?

DUNCOMBE: No.

Q: How about reading? Were you much of a reader?

DUNCOMBE: I would say yes.

Q: Do you recall any books that were influential, that you read, thayou enjoyed?

DUNCOMBE: Aside from the things I know I had to read as part of the English classes, I remember distinctly reading War and Peace, and finding it very interesting. Subsequently, after graduate school, I read it again.

Q: So, you graduated from high school when?

DUNCOMBE: 1955.

Q: Did you know what you were going to do, or where you wanted to gto college?

DUNCOMBE: I was going to Amherst.

Q: Was there any connection? Why Amherst?

DUNCOMBE: I was familiar with it, and my next door neighbor, who was a year older than I, had already matriculated at Amherst, and his father was a big supporter of the school. I had been up to visit several times, and I liked the small environment.

Q: It's a wonderful school. When you got there, other than majorinin bridge, were you still on the science/mathematics track?

DUNCOMBE: I very quickly moved to a preference for economics.

Q: Were there any economics professors there that particularlinterested you, or influenced you?

DUNCOMBE: I remember distinctly one of the better professors I had was Arnold Collery. Willard Thorpe, who had been the Under Secretary of State, just after the war, was also on the faculty there. He was the director for a number of years, of what was known as the Merrill Center for Economics. Charles Merrill, of Merrill Lynch, donated his estate on Eastern Long Island to the college, to be used as a conference center for economists. It was open only during the summer. They invited U.S. and foreign economists for two or four week sessions. Every year, they took four of the economics majors from the college down to be boys Friday, meeting people at the train station, and driving them to the airport. In return for that, we got a very small stipend and a chance to sit in on all of the sessions, which were really quite interesting.

Q: Ah, yes. While you were at Amherst, was Foreign Affairs somethinthat interested you?

DUNCOMBE: No, not as a career.

Q: It didn't cross your radar?

DUNCOMBE: It never came up on my scope.

Q: There must have been a pretty strong international element to theconomics, or not?

DUNCOMBE: The areas I specialized in were public finance and international trade and finance. When I matriculated it, the University of Minnesota for graduate school, Walter Heller was the chairman of the department.

Q: Was he, at that time, the head of the economic advisor...?

DUNCOMBE: He soon became the chairman of the Council of Economic Advisors, but when I matriculated in 1959, he was the chairman of the department. The orientation of the department was basically political economy. By the time I completed my degree, just in time, getting out, it shifted away from political economy to econometrics, and it was essentially a mathematics department, rather than a department of political economy.

Q: At Amherst, were they still using Samuelson's textbook?

DUNCOMBE: Absolutely. A whole bunch of us were weaned on PauSamuelson's textbook.

Q: I got that at Williams, seven years before.

DUNCOMBE: You must have had the first edition.

Q: I had the first edition.

DUNCOMBE: I had the third edition.

Q: Third edition, yes. My wife got Samuelson, too. There's a wholgeneration. Tell me, how does Samuelson hold up these days?

DUNCOMBE: I have no idea.

Q: I'm just wondering.

DUNCOMBE: Once I went into mainline Foreign Service work, and went overseas, I completely lost track of what was going on in the profession. I presume that Samuelson is no longer in print as an active textbook.

Q: Why the University of Minnesota?

DUNCOMBE: Well, I was accepted. As I said, I had something less than a distinguished undergraduate academic career because I was playing a lot of bridge. Also, it appealed to me because of the political economy orientation of the department.

Q: Did you belong to a fraternity?

DUNCOMBE: Everyone belonged to a fraternity. All the upperclass housing was provided by the frat folks. In fact, I was president of my fraternity.

Q: Which was that?

DUNCOMBE: Delta Kappa Epsilon. I'm a brother of George Bush.

Q: Oh, I see. I assume there was a lively social life with MounHolyoke and Smith?

DUNCOMBE: Yes.

Q: Well, how did you find the University of Minnesota? Was this different world?

DUNCOMBE: Entirely different. Amherst had 1,100 students when I was there, all male. The University of Minnesota, I think, on the Minneapolis campus alone, must have had 30,000. It was just an entirely different environment.

Q: On your economics, it was political economy that was your fielthen?

DUNCOMBE: I was interested in economics as something that would enable you to talk about public policy. So, I guess the answer on that is “yes.”

Q: Well, were you looking toward an academic career?

DUNCOMBE: Yes, that is correct.

Q: Did you get a chance to do any teaching, while you were getting your Ph.D.?

DUNCOMBE: Yes.

Q: Where? Within the university?

DUNCOMBE: Within the university. As is true, I think, with many of the big universities, the introductory courses are, by and large, taught by graduate students. I was fortunate enough to get a couple years of teaching experience before landing a full time teaching job at Georgetown, which is what brought me to Washington.

Q: Again, while you were at the University of Minnesota, did foreign affairs have any temptation? How did you find yourself, by the time you were coming out of grad school, sort of on the political spectrum? Were you anywhere in the political spectrum?

DUNCOMBE: Not really.

Q: Was the University of Minnesota caught up in the Kennedy phenomenopublic service, and government work is exciting, and all that?

DUNCOMBE: I find that very hard to answer. In the graduate economics program, as I say, we had a lot of exposure to this through Walter Heller. He brought Hubert Humphrey over from time to time to talk to us.

Q: This wasn't a light motif, or anything like that... I mean, publiservice?

DUNCOMBE: No, not at all.

Q: So, you got out of University of Minnesota in 1964?

DUNCOMBE: I got my degree in 1964. I left in the summer of 1963, came to Georgetown. During my first year at Georgetown, I finished writing my thesis. I went out and defended it in the summer of 1964.

Q: What was the subject?

DUNCOMBE: Something called “interregional multipliers,” which was taking the states of the Ninth Federal Reserve District, which was Minnesota, North and South Dakota, Montana, half of northern Wisconsin, and the upper peninsula of Michigan. We had done survey data of companies in that region to find out where they sold their output and where they acquired their inputs. Essentially, treating those states as individual nations, I tried to calculate what the income impact in each of the states would be for a dollar of exports from the state.

Q: So, in a way, there was an element of international trade, excepin a smaller sense.

DUNCOMBE: It was treating it as international trade.

Q: How did you find it? I assume it was a workable system. Was it a matter of looking at it and seeing where the efficiencies were and lack of efficiencies?

DUNCOMBE: No, just straight number crunching to see for a dollar of exports what the impact would be on the income within the state. Unlike multipliers that you generate for a whole economy dealing with another part of the world, where the multipliers would be three, four, five, these were seldom much more than one, and sometimes less than one.

Q: What attracted you to Georgetown?

DUNCOMBE: I had a good job offer.

Q: Well, that's handy. You went there when?

DUNCOMBE: 1963. I was basically hired to teach a course in Europeasocial and economic history.

Q: Is this something you had to quickly read up on?

DUNCOMBE: Unlike many economic students who did a minor in mathematics and statistics, I had a minor in history at graduate school. I had to do some reading, of course, to gear up for this course, but I had done a lot of history work as a complement to my economics program.

Q: Did you feel that economics was rapidly turning into a numbecrunching thing?

DUNCOMBE: At Minnesota, it was rapidly becoming a mathematicexercise, rather than a political economy exercise.

Q: At Georgetown, was there a different thrust?

DUNCOMBE: Most of my teaching was in the School of Foreign Service. This course in European social and economic history was one for the Foreign Service school. Most of my undergraduate teaching was in the Foreign Service school rather than the College of Arts and Sciences. About half of my teaching was in the graduate program.

Q: Who was running the School of Foreign Service when you got that?

DUNCOMBE: I can't remember. Dean Moran, I think, who was a retireFBI agent. I can't remember what his first name was.

Q: The School of Foreign Service, of course, implies having emphasis on foreign affairs? How did you find it at that time? Was there a lot of discussion about the United States' role in the world and all that?

DUNCOMBE: Yes.

Q: Was Vietnam beginning to raise storm clouds when you arrived?

DUNCOMBE: Yes. Mme. Diem gave a speech there shortly after hehusband was assassinated.

Q: I realize this is sort of nebulous, but was there a feel at all that America has almost a missionary role in the world to do good, to help, to bring democracy?

DUNCOMBE: I can't say that I would recall that as a strong theme. One has to remember that for people who were going to the School of Foreign Service, almost none of them ended up in the Foreign Service. Some of them would end up in work that was related to international affairs, be it with international banks or other such organizations, but the number of people that went directly into the Foreign Service was very, very small.

Q: Just by the figures, it had to be small.

DUNCOMBE: Right.

Q: Were you picking up anything about the Foreign Service?

DUNCOMBE: Yes. In 1965, I was approached by FSI, along with several others, to design what became the 26 week economic and commercial studies program, that I guess is still ongoing.

Q: It became sort of the crown jewel of the Foreign Service Institute.

DUNCOMBE: We would like to think that.

Q: I was just interviewing somebody the other day who was talkinabout how great it was.

DUNCOMBE: I would like to think there was a fall in productivity after I stepped down as director of it. When I was the director of it, we were doing two twenty-six week programs a year. Shortly after I went overseas and ceased to be the director, I think they changed it to one a year, where it now runs for nine months.

Q: Because of the statistics and the numbers side of things, most of the people who do it, particularly the Foreign Service types, work their tails off. It's sort of difficult for them. So many of them come from a liberal arts background.

DUNCOMBE: I know many of them did not like this part of the program, but we defended it, and I think, correctly. They have to have some familiarity with this to engage in crap detection.

Q: Oh, yes. I haven't heard people ask why they had to do it, but that it was just very hard for them. Particularly, these were people, for the most part, who have always done well in school. All of a sudden, you might say the “BS” factor was taken out, and they had to produce the right numbers.

DUNCOMBE: That is correct. But, I was engaged in 1965 as a consultant to help design the program. Then, the first class began in 1966. I taught in the program, part time, from 1966 to 1974, when I went on a leave of absence from Georgetown and full time into FSI.

Q; Was there much of a relationship between Georgetown and Foreign Service Institute? In other words, was it sort of an easy relationship, teachers at Georgetown lecturing over at the FSI?

DUNCOMBE: A few of us did. Myself, in economics; some from other disciplines, I think, had various contractual relationships. But, FSI's relationship with the academic institutions was not limited to Georgetown; there were people from George Washington and American University. Those are the ones I remember in particular.

Q: When you were at Georgetown, what was the impact of years of protest against the Vietnam War? Did this engage the students as much as some other places?

DUNCOMBE: I would have to say no. It was an issue, but it was not the kind of issue it was at Berkeley or Kent State. I don't recall any mass demonstrations and violent protests, of the sort that you had at a number of the other institutions.

Q: There was another sign to the protests. That was, “Don't trust anybody over 30.” It was a difficult time for people who were on faculties, because kids were taking over and they knew more than their seniors.

DUNCOMBE: Based on my experience, I would not subscribe to that.

Q: I think it depends on where you got hit. If you were at Berkeleor at Columbia or some other places...

DUNCOMBE: This is perhaps true.

Q: I noticed you have “consultant, property management and disposal services of the General Service Administration” on your resume.

DUNCOMBE: That is correct.

Q: What were you doing there?

DUNCOMBE: The statute concerning the national stockpile of strategic and critical materials says that if there are stocks in excess of what are needed for national security

purposes, they ought to be disposed of in a manner that prevents the U.S. government from avoidable loss, and is non-disruptive of markets. Preventing the U.S. government from avoidable loss, of course, would mean selling it at the highest price possible. Non-disruption of markets would mean not driving the price down in a way that would make domestic producers or foreign countries that export these materials unhappy. I worked on this for about a year, going in one day a week, by and large. I just found that I was not getting far enough into it to really be able to do an adequate job.You had to get fully involved in the markets for lead, zinc, copper, tin and rubber. I just wasn't getting enough into it to be able to make the kind of contribution that was appropriate, so I withdrew from it.

Q: It sounds like a very delicate balance.

DUNCOMBE: It is a very delicate balance.

Q: Because if you start selling, then the price goes down. That means the government is not getting its money back, and also it is disrupting markets.

DUNCOMBE: I'm in fact reading the page proofs for a FRUS volume I'm doing for the Nixon administration right now; stockpile disposal questions were an important issue.

Q: Was there any feeling that these stockpiles made sense?

DUNCOMBE: There was constant reevaluation of what the level of the stockpile needed to be. If I remember correctly, at the time I was working on it, they were thinking in terms of a three-year, conventional war, and what you would need to have available if supplies were interrupted from sources other than in North America and perhaps the Caribbean. If, for instance, you lost access to tin from Indonesia or Bolivia, if you could no longer get rubber from Malaysia, or wherever, how much did you have to have in inventory in order for you to meet your strategic needs, militarily, and maintain reasonable domestic supplies for civilian use.

Q: I'm sure it got to be very political.

DUNCOMBE: Absolutely.

Q: You were a consultant for the Ford Foundation too, I note. Whadid that involve, 1973?

DUNCOMBE: The first run-up in oil prices is the result of the OPEC cartel. They were doing a study of what the impact of these increased energy prices were and one of my colleagues and I wrote a chapter in a book that dealt with the subject of distribution of income effects. What segments of the population were most impacted by the run-up in energy prices that was occurring at that time?

Q: Was this on a worldwide basis, or within the United States?

DUNCOMBE: My recollection was that it was primarily related to the United States, but this was nearly 30 years ago now. I haven't had occasion to go back and revisit it.

Q: I guess there had to be a considerable difference between the students at the FSI, because these were mid-career officers, and all that, as compared to school, Foreign Service?

DUNCOMBE: That is correct. These are adults, in their mid-thirties.

Q: And they're getting paid.

DUNCOMBE: They're getting a full salary.

Q: And they're on their way somewhere.

DUNCOMBE: That is correct. It is a very focused group. It was a very different kind of group to teach to than undergraduates or even graduate students, all of whom at that time, were the age of 18 to 22, 23, or 24.

Q: Did you ever get a crack at Bill Clinton?

DUNCOMBE: No.

Q: Otherwise the world would have changed if you had.

DUNCOMBE: Absolutely. I did not remember the name. When he became president, I was overseas, I pulled out my old class list, and he was not on it. But, he was in the College of Arts and Sciences.

Q: I thought he was School of Foreign Service.

DUNCOMBE: No, he was College of Arts and Sciences. As I said, most of my undergraduate teaching was in the School of Foreign Service, not all of it, but most of it.

Q: In 1974, you became the director and training officer of...

DUNCOMBE: I came in as the training officer and became the directoof the program in 1976 or 1977.

Q: Who was the instigator of that program?

DUNCOMBE: Jacques Rheinstein and Warwick Elrod. Those were thpeople who initially approached me.

Q: Jacques Rheinstein has got quite a name, as being sort of verinfluential in this. How did you find him?

DUNCOMBE: I didn't have enough dealings with him at this point, many years after the fact, have any recollection. He was not actively involved in economics training at FSI. I dealt with him when I was coming into contract teaching. It was Warwick Elrod who was

the director of the division and John Sprott, who had been brought in from Fort Collins, CO, and was the deputy director of the program.

Q: I have interviewed John. How did you find the administration of the Foreign Service Institute at the time? Did it seem to take much interest in what you were doing? Was it obtrusive? How did it work?

DUNCOMBE: Until I came on full time, I had very little to do with the administration of the institute itself. I would get contracts, and there was never any dispute under the contract. Contracts came through in a timely fashion. I was paid promptly. What the administration of the institute was doing was not an issue for me, as a contractor coming in for a couple two-hour sessions a week.

Q: When you eventually became the director, dealing with this, hothen? I mean, were you part of the administrative apparatus?

DUNCOMBE: Well, the economic commercial studies division was part of the School of Professional Studies. I reported directly to the Dean of the School of Professional Studies, who... I can't remember who the Dean was when I was came in, but John Sprott very quickly left the division of commercial economic studies and became the Dean of the School of Professional Studies, which is when I moved up to be the director of the Economic and Commercial Studies program. John and I knew each other very well. He, by and large, left me alone. The director was George Springsteen, I think. He was the head of the institute. The deputy director was Carlton Coon, who I, quite frankly, had very little dealing with.

Q: I notice it is called the Division of Commercial and Economic Studies. You were doing this from 1974 to 1979. The Department of Commerce, and sometimes Congress was making the pitch that our people in the State Department were spending too much time on economics and not enough on the commercial side.

DUNCOMBE: That is right. When the program was first designed, it was a twenty-two week program, and it was strictly economic. In response to this criticism, sometime in the late 1960s or the early 1970s, the program was expanded to a twenty-six week program. The additional time was allocated to commercial studies. What they had were some courses in marketing, international business, and I'm sure several others, along those lines, which are escaping me at this point.

Q: It sounds like almost an amorphous thing. It's hard to traipeople for commercial work, or not, and I suppose, economic analysis?

DUNCOMBE: I find that question hard to answer. I don't know.

Q: I don't know either. The people who come into the Foreign Service don't usually come up through the business oriented courses. So, to have them get a concentrated course in solid economics and then to have, as an adjunct, a concentration on what amounts to business training, it seems to be a double major, which is difficult?

DUNCOMBE: When I first became involved in this in the middle of the 1960s, and throughout the 1970s, the commercial officers were part of the economic cone in the State Department. There were a group of people that tended to be more commercially oriented. You would have commercial attaches as part of the economics sections, in the embassies. When the Foreign Service Act of 1980 was enacted, the commercial officers were hired off from the Foreign Service, and became employees of the Department of Commerce. Except for the first year or so, when I was in Abidjan, the commercial people were then Department of Commerce employees, not Department of State employees. In my experience, in the five embassies I was in, we got along very well. All of my ambassadors regarded business facilitation as a core function. As the economic officer, I regarded business facilitation as a major part of my function. Having said that, I would, more often than not, work with bankers and maybe other financial types, as opposed to people who were coming in looking for opportunities to sell widgets.

Q: At the FSI there's been a statement that's often used. That is, that someone came away with, within six months of a solid bachelor's degree in economics.

DUNCOMBE: That is correct.

Q: Did you feel this too?

DUNCOMBE: That was the intention. To measure whether or not we were accomplishing that objective, at the end of the program, we had all the people in the program take the graduate record examination in economics, and had some very successful results. That was also useful because after another tour or so, a number of the graduates of this program were sent out for a year of university training. They had the graduate record examination scores, which enabled them to get into places like the University of Michigan, Stanford. We were able to place people in very prestigious universities.

Q: This is also the period, mid to late 1970s, where the economic bureau of the State Department was probably at its height, wasn't it? Did you get any feel for that? It was a very strong bureau. It picked and chose its own people. It nurtured them.

DUNCOMBE: Frances Wilson was the assistant secretary...

Q: She was the executive...

DUNCOMBE: Not assistant, executive secretary. She ran a very tighship, and developed a very good core of loyal economic officers.

Q: She's dead, but I would have loved to have had a chance to interview her, because she's really one of the seminal people in the State Department, as far as how to develop a very strong bureau, and effective bureau. She was a civil servant. I'm told she was a bowling champion, of all things, in duck pins.

DUNCOMBE: I'm not familiar with that.

Q: But, here she was. She had her boys, they were mostly boys, mein those days. She nurtured them.

DUNCOMBE: They had a very good personnel system in the economic bureau. It was basically Frances Wilson's operation. Q: I think this is a remarkable story. Then, did you join the Foreign Service, or what happened?

DUNCOMBE: I was hired as an economics specialist to teach economics. I did not take the Foreign Service exam. I came in as what was then FSRU, which was the category that was available for overseas service, but not expected to serve overseas.

Q: It was mainly for retirement planned purposes, as I recall.Should we let people in on the Foreign Service retirement plan?

DUNCOMBE: It gets people in the Foreign Service retirement plan, but it also was a vehicle to hire specialists, and a number of the mineral attaches, or the science attaches, were hired into that category. When I came into the department, in the back of my mind was that once I got straightened out with the personnel system, I would like to go overseas. I managed to work that out in 1979. I went off to French language training, which is the most difficult thing I have ever done. It was much more difficult than getting a Ph.D. I got assigned as an economic counselor at the embassy in Abidjan. I was overseas and language qualified at the time the Foreign Service Act of 1980 was passed, which abolished the FSRU category. So, people who were in that now abolished category had to get off on either the Foreign Service side or the Civil Service side. I made sure that I stayed overseas until I was able to get off on the Foreign Service side. As I recall, there was some sort of class action grievance that brought about 55 of us from the FSRU category into the Foreign Service. It was successful because I was overseas, language qualified, and performing well. I think a number of the mineral attaches and science

attaches, and other specialists came off on that side. The person who had been my deputy at FSI was still in Washington, serving domestically, and was not language qualified. As a result of the abolition of the FSRU category, he became a civil servant.

Q: So, you went to Abidjan, Cote d'Ivoire from 1979 to 1983. Whawas the political economic situation there, when you arrived?

DUNCOMBE: Very stable. You had a single party government. Houphouet-Boigny was the long term president. By the standards of African countries, it was doing quite well. It was a fun place to live.

Q: This was considered the jewel of the former French islands, wasn't it?

DUNCOMBE: That is correct.

Q: Who was the ambassador when you were there?

DUNCOMBE: Nancy Rawls.

Q: How did you find her as ambassador?

DUNCOMBE: A very, very pleasant person to work for.

Q: What were American interests in Cote d'Ivoire?

DUNCOMBE: I think primarily the fact of the stability of the place that was a small market for a number of American exports, but the French influence was predominate. There was no getting around that.

Q: Did the French make it obvious that they really didn't want thave us around there?

DUNCOMBE: Well, they certainly didn't want us to sell any of theiwheat there.

Q: The French don't have that much wheat there do they?

DUNCOMBE: Yes. They were selling their wheat. I don't remember, at this juncture, whether it was soft wheat or hard wheat. I don't remember whether ours was soft or hard, but the French was the other. I thought the French baguettes were absolutely outstanding. I had not too much sympathy for the agriculture attache, who was trying to get American wheat in.

Q: Of course, this is one of the big battles that went on. The French, from what I gather from people who dealt with this, were very protective of their position as to form a colonial power and market. They were very commercially-oriented. Our interest was generally in... We had to go through the motions of selling things, but essentially, we were happy as long as the countries were stable.

DUNCOMBE: I think that is right. My first response to your question on that was our interest there was in the stability of country, wishing them well. They were doing quite well. They were very prosperous, by west African standards. They have fallen on some hard times recently.

Q: At that point, was Houphouet-Boigny making good investments? Wathe money going to the right places?

DUNCOMBE: Probably not. It had a lot of state enterprises. They were developing sugar plantations and sugar mills that probably didn't make an awful lot of sense. What we used to call the parastatal corporations, essentially state enterprises. In general we don't think too much of that economic organization.

Q: Looking at it as an economist, on practical terms, did these government enterprises make sense? They might have made sense politically, but economically?

DUNCOMBE: No, they did not. Q: So, this wasn't just a matter of a political outlook - that we are a free market. But, this is the cold, hard look of an economist looking at these things?

DUNCOMBE: That is correct. One of the curious things about the Ivorian economy is that, in many respects, a lot of the work is not done by non-Ivorians. Our guess was at least a quarter of the population of the country was non-Ivorian Africans from upper Volta, now Burkina Faso, Ghana, Senegal. In many respects, I characterized the Ivorians as rentiers in the grand tradition of having other people do the work for them. It was the Voltaks, the Malians, and the Senegalese that harvested the coffee, and the cocoa, and that sort of thing. These Ivorian owners sort of derived land rents, and their prosperity from the labor of others.

Q: It's somewhat the same with the Saudis.

DUNCOMBE: I won't comment on Saudi Arabia, because I have nfirst-hand experience.

Q: The Saudis are having a change of it, but were using othepeople's... They had the oil.

DUNCOMBE: Sure. When I was in Egypt, the major source of foreign exchange earnings for Egypt was the remittances of the Egyptians who were working elsewhere in the Middle East, in Saudi Arabia, in Iraq, in Libya. The remittances of the Egyptians, outside of Egypt, was the major source of Egypt's foreign exchange earnings, even ahead of oil.

Q: Were there any issues you got involved in, during this 1979 to 1983 period, between Cote d'Ivoire and the United States, that particularly engaged you?

DUNCOMBE: I remember there was constant controversy about how to manage the coffee and cocoa agreements. Beyond that, I don't remember the details of what the arguments were. In general, the United States has never been terribly happy with commodity agreements. The producers of these primary products... I guess Cote d'Ivoire

also had interest in the rubber agreement as well. They attached much more importance to them than we do. It was a constant back and forth, in terms of positions in these commodity agreements. I'm far enough away from it at this point that I don't remember the details.

Q: I was just wondering. These things with Cote d'Ivoire... It was just one of a number of countries, like with Brazil, and other places, that were dealing with on these boards. The role of the United States and Cote d'Ivoire would be somewhat diminished because of a bigger hole.

DUNCOMBE: Cote d'Ivoire, at the time I was there, was the world's major producer of cocoa. They were a significant producer of coffee. It was smaller than Brazil on coffee, but was not a fringe producer. Their coffee was robusta, rather than arabaas. That gets into a different set of issues.

Q: Ghana used to have something like this. They produced cocoa, anall that.

DUNCOMBE: Yes, but the cocoa marketing board in Ghana, as I understand it, screwed up the industry. A lot of the Ivorian cocoa was in fact cocoa that was smuggled out of Ghana, because the growers could get a much better price marketing it through Cote d'Ivoire.

Q: How about your French counterpart? Was he working at almost different level? Was it an embassy there, or commission?

DUNCOMBE: French embassy.

Q: Was he more or less a member of the economic council of Cotd'Ivoire?

DUNCOMBE: No, but they had a lot of access, because in the ministries, they have a number of people called “cooperants.” These are French nationals who, in lieu of doing military service, were spending time in public service. They were placed with the

government of the former French colonies. People used to refer to the finance ministry as the “white man's ministry.” It was essentially “French cooperants,” who was the African minister's Chef de Cabinet, and that sort of thing.

Q: Were we kind of watching the French/Germans? I can't remember at this time whether Mitterrand was the president of France or not, but certainly there had been a strong influx. The French, for their own political purposes, whoever was in power, had been picking up money on the side. Were we concerned about French influence by payments, or special deals?

DUNCOMBE: I can't really answer that. There were 50,000 French nationals at Cote d'Ivoire at the time that I was there. As you know, the African franc is tied to the French franc. It was the French franc, albeit on the basis of 50 to one. What has happened now that the Euro is now the currency in Europe, and the franc is gone? I quite frankly have no clue. But, there was always a big debate as to whether or not the monetary union that was there was detrimental or beneficial to the former French colonies. But, the fact of the matter is they were not able to have independent monetary policies. Unlike the situation you had in Ghana or Nigeria or Zaire, the governments were not able to run down into the basement of the palace and print money. You had more price stability then you did at a number of the other African countries.

Q: How did you find the statistics at Cote d'Ivoire? DUNCOMBE: I can't, quite frankly, remember at this point.

Q: In your section, were there other economists or economic officers?

DUNCOMBE: There were two or three others, yes.

Q: Was it interesting to get out and travel?

DUNCOMBE: Absolutely.

Q: It must have been a fascinating place.

DUNCOMBE: I had a wonderful time. There were pretty good hotels scattered all over the country. They had the habit of having the national day celebration at various cities around the country. Every time there was a national day, they might have important people come in to a place that did not have any accommodations, so the government was sponsoring hotel building. There were fairly decent hotels in most of the cities, all around the country.

Q: You mentioned that Ghana cocoa growers were there, shipping their stuff down into Cote d'Ivoire to get better prices. Were there any other economic relations with the other countries around, that were significant?

DUNCOMBE: Other than the movement of people into Cote d'Ivoire, don't recall anything else.

Q: Was there any concern about getting too many people from otheAfrican countries, coming in there?

DUNCOMBE: At that time, no. These were the people who did the work.

Q: How did you find the people in Cote d'Ivoire that you were dealinwith at the executive level?

DUNCOMBE: Charming.

Q: It has always been considered the "Paris of Africa."

DUNCOMBE: I also found the Nigerians individually charming, buthat's an entirely different story.

Q: In 1983, you went to Cairo?

DUNCOMBE: That's right.

Q: From 1983 to 1985. That must have been a whole different world.

DUNCOMBE: An entirely different world. The embassy is much larger,of course.

Q: It's the largest in the world.

DUNCOMBE: It is one of the largest, certainly. The foreign policy interests there, post-Camp David, were very, very important. There was a big military assistance program. Egypt also had a very large foreign debt, and one of the things that I had constantly to remind the Egyptians about and keep Washington informed about was that the Brooke Amendment to the Foreign Assistance Act required the termination of foreign assistance if a government was more than a year in arrears on servicing its debt. Especially on the military debt, we were rapidly running up against that one year deadline that required the termination of military assistance. In the context of Camp David settlements it would not have been disastrous. I had the impression that President Mubarak never thought we would really expect him to repay the debt. I kept arguing that if you have a contract, you have to do it. But, low and behold, apparently in return for support during the Gulf War in 1990, we eventually forgave it.

Q: In a way, what we were doing was paying the Egyptians to keep thpeace, weren't we?

DUNCOMBE: I don't want to answer that question, because I wouldn't characterize it that way. It was a combination at Camp David, where in return for the mutual recognition and the establishment of diplomatic relations, we provided foreign, economic and military assistance to both Israel and Egypt.

Q: What part of the economic pie did you have when you were in Egypt?

DUNCOMBE: I was what you call the finance and development officer. was not the head of the section, I was number two.

Q: Who was the head of the section?

DUNCOMBE: David Dunford for the first year I was there, and Edward Casey for the second year. I was primarily responsible for doing the assessment of the budget and the balance of payments and matters of that sort. It was a wonderful environment to operate in, because the ambassador basically let us do our thing.

Q: Who was the ambassador?

DUNCOMBE: Veliotes. Q: Nick Veliotes.

DUNCOMBE: Nick Veliotes. The DCM was Henry Precht. They trusted us in the economic section. I remember very clearly toward the end of my tour, the foreign minister was coming off to Washington with a white paper to make a case for an increase in economic assistance. As he was leaving for the airport, we got a copy of this, and looked at it. It was a pack of lies. Ed Casey told the ambassador, “We're going to be sending in a message that is going to be a zinger. You better stay around to read it before we let it go.” He trusted us enough, and said, “I don't have to sit around and read it, you send the message.” So, we stayed for a couple of hours, beyond normal closing time, and without its being approved by the ambassador or the DCM, sent the message into Washington. As far as I can tell, it went word for word into George Schultz' briefing book. The reply cable came back on the meeting that the foreign minister had had with Secretary Schultz. They were essentially my questions and the foreign minister's answers.

Shortly after the foreign minister returned, Casey and I were called down to the prime minister's office and into the governor of the Central Bank's office to explain why the U.S. embassy had a different view of the Egyptian economy from the Egyptians.

Q: Well, how did that go?

DUNCOMBE: We had some papers from the Central Bank that we had received from a good contact, not something the Agency had picked up for us. Essentially, they were keeping two sets of books. It was very easy, if you knew the numbers, to know that there were two sets of books, because you could tell where the foreign exchange earnings came from. It came from the remittances of the Egyptians that were overseas. It came from oil. We knew the oil industry in and out. It came from tourism expenditures, and tolls on the Suez Canal. You didn't have to be much of a genius to know what the foreign exchange receipts were. We knew the numbers better than the Egyptians did, quite frankly.

Q: You viewed, with a certain amount of skepticism, officiastatistics, I take it?

DUNCOMBE: Absolutely. The official statistics were prepared in the Ministry of Plan, and as far as we could tell, the only purpose of the official statistics were to prove that the Plan was working.

Q: It sounds Russian, Soviet almost.

DUNCOMBE: I haven't worked on Russia, no comment.

Q: I know what you mean, and this is true. Anywhere there is an planned economy, or even in our country, when we have Congress, who depending on which party you're in, will come up with a different set of figures. We have a massive AID structure in Egypt. Were you running in parallel to them, or how did this work? Were there disagreements with AID?

DUNCOMBE: I'm sure. I don't remember off hand. The AID mission had, as I recall, 125 direct hire Americans. It was huge. I used to attend their senior staff meeting as the ambassador's representative. This was once a week with their senior staff. I would attend those meetings as the ambassador's representative, and serve as the liaison between the embassy and the AID mission on routine matters. Although I don't remember them at this

point, I'm sure there were probably some serious policy disagreements from time to time. I don't have any real fix on them at this point.

Q: Did they have what amounted to financial support element there, oone that was dealing with Egyptian finances, per se?

DUNCOMBE: Yes. I think they have this with all AID missions. What they call a program office. The program office, at the time I was there, was headed by a man who was on loan from the federal reserve system. Basically, I would clear his cable and he would clear my cables. We got along fine.

Q: Looking at this, was there much hope to have a robust economy?

DUNCOMBE: Again, too many state enterprises. There was a segment of the population that was doing quite well, but it was not all that broadly based. For reasons I would not begin to speculate on, I think you will find that in general there are not Middle East economies that are robust.

Q: I imagine the growing population would have to be of concern tanybody looking at the economy of Egypt.

DUNCOMBE: It was. I'm not sure it was a proper concern of the Egyptians. It only required you to be in the country for an hour, coming from the airport, to realize the country had a population problem.

Q: Were we looking at the students who were getting educated at Cairo University? Were they developing a rather large, unemployed, educated class?

DUNCOMBE: I don't recall that that was a particular concern at the time I was there. I gather from the newspapers that it is certainly a concern today. I do not recall that that was one of the things, for instance, that the political section was overly concerned about.

Q: Was there much exchange between the economics section and thpolitical section at the embassy?

DUNCOMBE: Yes. I would hope so.

Q: Sometimes you can get concentrated on your area. In Egypt, I would imagine that economics was sort of the major game, really, in a way. Trying to make this country as viable as possible. It was a one-party system. The whole idea was to make it a viable country.

DUNCOMBE: I guess that is our concern in every country, isn't it?

Q: Well, some countries are essentially viable, but...

DUNCOMBE: That is correct. But, in general, American interest in any country, I should think are its continuing political and economic prosperity, and the stability that relates to that. The economic section and the political section tend to focus on different dimensions of this relationship. But, in my experience, all the embassies I have been in, there was a great deal of cooperation between the two.

Q: None of these fights between Treasury and State?

DUNCOMBE: That is correct. Part of it is because everybody is right there in the same building. If you had a difference, you could sit down and work it out. The concern over turf is certainly there, but I found that in the embassies it was... Put it this way, I may have found that it was a problem from time to time, in some of the embassies I was in, but when I came back to Washington, and had my only tour of duty in a main State Department job, I was absolutely shocked to discover how acrimonious the differences can be. Not only within the Department itself, but between State and other agencies. One of which, and I won't mention which one, I was convinced that at the level at least which I operated, all the people got up in the morning and ate a half dozen spiders before coming to work.

Q: I realize that this is a difficult question to answer, but from an economic point of view, in the economic section, how was the rule of Mubarak seen at that time?

DUNCOMBE: I shouldn't try to answer that. I'm far enough away froit at this point.

Q: I'm not thinking about today, but was it seen as a government that was doing its best to make the right economic decisions, or was it one that wasn't focused on the economic side?

DUNCOMBE: I'm sure that if one went back and examined the situation correctly, as it was being done at that time, one would say they were not doing many of the right things. They had a very complicated multiple exchange rate system. There were all sorts of difficulties. They had far too many state enterprises. The answer to the question is “no.” They were not doing a lot of the things that would have been thought to be the foundation of good, sound economic policy. It may be, however, that it was politically necessary, in the context of the way the Egyptians saw their environment at that time.

Q: How about the size of our embassy? Did you see this as necessary, or an impediment? I mean, were there too many Americans tripping over too many Americans?

DUNCOMBE: No. We had a lot of interest there. We had this huge AID mission. It was a large military assistance mission. USIA had a very large, public diplomacy program. In the economics section, we must have had five, maybe six officers. I think the political section was about the same size. With all the direct-hire military and AID people, the admin. section was enormous. Because lots of Egyptians want to come to the United States, there was a very large consular section. It was a big embassy.

Q: How did you find life in Cairo? DUNCOMBE: Chaotic, but a lot of fun.

Q: Did you develop much contact with the Egyptians?

DUNCOMBE: Not too much. Through the business community, I had a number of Egyptian contacts. As the number two person in the economic section, I did not have the substantial representation responsibilities. I seldom saw on a social basis the Egyptians I worked within the various ministries, doing my official business.

Q: During this period, when you were there, from 1983 to 1985, was there any financial, or trade, or commercial type relationship being developed at all with Israel?

DUNCOMBE: Not that I can recall. On second thought, that may not be correct. During the Israeli occupation of the Sinai, a number of the Egyptian oil fields were developed. If I remember correctly, as part of the Camp David political settlement, these oil fields were going to revert to Egypt, but there was an agreement, I believe... I may be mistaken on this, but my recollection is that a certain portion of the oil was in fact available for marketing to Israel.

Q: Well, Egypt at that time must have been... In the first place, it is surrounded by neighbors who really don't have much to contribute, as far as trade goes. You do have Libya and Saudi Arabia, both with a lot of oil, but that is about it.

DUNCOMBE: Right. Sudan to the south.

Q: So, there isn't much chance of them having a significant trade,is there?

DUNCOMBE: I don't recall that any significant trade was developing. This may not be an appropriate example, but I remember, I think it was over Christmas of 1984, my family and several other families took a bus trip from Egypt to Israel. You cross the northern part of the Sinai, and when you get to Gaza, there is a town called Raffa. You get off the Egyptian bus, walk across the border, and get onto an Israeli bus, and tour. When you return, you come back to Raffa on the Israeli bus. You get off, walk across the border, and the Egyptian bus picks you up, and brings you back to Cairo. If that is the way passengers get across, I would imagine that there is not an awful lot of truck traveling. Some of it would be

down at the Aqaba, on the Gulf of Aqaba,where there is a crossing point. I would imagine it is the same thing.

Q: Yes. At one point, Egyptian cotton was a particularly finproduct and a major export. Was that gone by this time?

DUNCOMBE: No. That was, in fact, very important. If I remember correctly, one of the U.S. foreign assistance programs in connection with, I suspect, the agriculture attache, was to convince the Egyptians... They had subsidized, what they called “popular cloth,” from which the galabylah the Egyptians wear is made. They were using this very excellent quality, long staple cotton, to make this popular cloth. As a result of one of the AID programs, they were convinced... I'm just making up prices at this point. I don't know if they are correct. That they should in fact export the long staple cotton that costs a buck and a half a pound, and import short staple American cotton that costs fifty cents a pound, which is perfectly suitable for making the kind of galabylah cloth we are talking about.

Q: In agriculture, outside of that, was there anything else? I'm thinking of the Nile flood plain, and the Nile being so fertile. Did this produce anything other than sustaining the population?

DUNCOMBE: It wasn't even doing that. The prices were so messed up. I remember that bread prices were kept artificially low. One of the jokes people used to say is that Egypt is the only place in the world where it is cheaper to wipe your table with a loaf of bread than with a napkin. Because the price of bread was so low, the price of wheat had to be low. Therefore, a lot of the wheat was not harvested. It was just put into animal feed. They were importing wheat. Another example is the multiple exchange rate system. The whole pricing system was messed up.

Q: Is there anything else we should cover, when we're talking abouEgypt, do you think?

DUNCOMBE: I don't think so.

Q: This might be a good place to stop, if you don't mind. Come again, and we'll pick it up when you're off to India, 1987 to 1991. We'll probably finish up next time.

DUNCOMBE: Okay.

Q: Great. Thank you.

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Today is the 6th of May, 2002. You're off to India, 1985. What weryou going to be doing? You are going right to New Delhi, is that right?

DUNCOMBE: That is correct.

Q: What did you do?

DUNCOMBE: I was, again, what they call, a finance and development officer, basically number two in the economic section. I was responsible for Macao economics, again writing the budget report, balance of payments assessments, and that sort of thing. It turned out that one of the major things I worked on and a lot of the embassy worked on, was technology transfer. Several years earlier, a memorandum of understanding had been worked out with the Indians, that ostensibly would provide a framework for transferring to them, very sensitive advanced technologies. These were technologies that were controlled for national security reasons. Because of the very friendly relationship that existed between India and the Soviet Union, this was a very, very sensitive area. The number two in the commercial section, the commercial attache, and I spent an enormous amount of time dealing with that particular question.

Q: Before we move into that, how would you describe the relationbetween India and the United States, at this particular juncture?

DUNCOMBE: I would answer that by jumping ahead to when I was in Indonesia. After having served in India for a couple of years, I went to Indonesia. After having experienced the two of them, who are both leaders in the non-aligned movement, the way I would describe it from my Indonesian viewpoint is that India was non-aligned with the Soviet Union, and Indonesia was non-aligned with the west.

Q: Who was the ambassador? How did you find the embassy at thatime?

DUNCOMBE: The ambassador was John Gunther Dean, a career ambassador. The embassy itself was designed by Edward Durrell Stone, if I remember correctly. It was supposed to be an architectural marvel, but it was a very unpleasant building to work in, physically, in my opinion. I don't know if you have ever been in the embassy?

Q: No, I've seen pictures.

DUNCOMBE: It has an open courtyard in the middle, with a duck pond. All the offices are located around this open courtyard. So, in winter, it does get cold in New Delhi. Whenever you wanted to go from your office to the restroom or somebody else's office, you went from a heated room, out into a place that was quite cold. In summer, where it gets hot and humid, you went from an air conditioned room into a place that was very hot and humid, to get anywhere else in the building.

Q: There was not an internal corridor?

DUNCOMBE: There were internal corridors, but it was all in the open courtyard. Architecturally, it was supposed to be a very interesting building, and maybe it was. In terms of a physical building to operate in, it left a lot to be desired, in my opinion.

Q: Who was the economic counselor?

DUNCOMBE: For the first year I was there, it was George Kenney. He retired. The embassy and the bureau wanted me to become the new economic counselor. Senior assignments would not release the position, therefore, a new senior officer counselor was brought in two months before I got promoted to the senior service, which is one of the great ironies of life.

Q: Again, and again. How did you find John Gunther Dean, while yowere there?

DUNCOMBE: John Gunther Dean is a very capable man, a very opinionated man, and can be, when he wants to be, very charming. At other times, he can be very difficult.

Q: I've been interviewing him. When he comes back from Paris, we go over to the Kenwood Country Club. We haven't covered India yet. He is reluctant to do that, because he was removed from there, for medical reasons, which rankle him very much.

DUNCOMBE: That was after I left. I have heard scenarios about his departure, but I would not want to say anymore about that because I was not in the embassy when he was invited by Secretary Schultz to...

Q: While you were there, he was a strong ambassador?

DUNCOMBE: Absolutely.

Q: He had been through an awful lot. He lived in Lebanon, Laos, Vietnam, the whole thing. How did you find the Indian authorities, the government level, that you dealt with?

DUNCOMBE: They could be very accommodating at times, and very difficult at other times. As I say, India was non-aligned, as I came to describe it. Others may not want to describe it that way. India was non-aligned with the Soviet Union. The relationships with the United States, which were proper, I would not characterize as necessarily cordial.

Q: Moving to this technical transfer, why would we want to put anything into the hands of the Indians, who were militarily supplied by the Soviet Union? I would think this would be counterproductive.

DUNCOMBE: I think for foreign policy reasons, many people were interested in improving our relationship with the Indians, and cooperation with high technology matters. They have many, many capable people, who are capable of very sophisticated technological work. This was seen as an avenue that could advance a more cooperative arrangement. For instance, one of the issues we spent an enormous amount of time working on was whether or not they would be able to get a CRAY super computer. The Indians wanted this for purposes of doing meteorological studies to map and predict monsoons. Our people were concerned, since they had a nuclear program, that the Indians would, on an unauthorized basis, use it for purposes of nuclear modeling. How one does nuclear modeling is beyond my technical competence to assess, but this stress was right there.

Toward the end of my tour, we had agreed that we would license a CRAY XMP24, a very sophisticated super computer, that they would be able to use for meteorological research. But, there was going to have to be a cleared American on site 24 hours a day, to monitor the use of this particular piece of equipment. Jumping ahead to my Indonesia experience, in view of the problems we had had with Indians on this, I was quite surprised when I arrived in Indonesia, to discover that the Indonesians had one of these computers. It was being used at IPTN, their aircraft plant, for aerodynamic modeling for development of aindigenous Indonesian aircraft. There was no American presence to monitor the security of the use of this XMP24. The science attache and myself were asked by Washington to, in fact, do security assessments, to be sure that it was not being used for unauthorized purposes, which we in fact did not have the technical competence to do. We did, for a few months, make periodic trips to Bandung, where it was located. We were able to report back to Washington, that there were security cameras in place, and there was controlled access, at least in principal, to the facility where the computer was operated.

People in Washington wanted to monitor whether or not it was being used for unauthorized purposes; we said they were going to have to send out people who had technical skills that far exceeded any technical skills any of us in the embassy would have.

But, it reflects, in my view, the fact that India, while non-aligned, was non-aligned with the Soviet Union. There were lots of security concerns. Whereas, Indonesia, again non-aligned, was non-aligned with the west. In terms of my dealings with the government in these two countries, it was like night and day in terms of the access one had, and the kind of cooperative arrangements, and the quality of the discussions, you should have with your counterparts in the host government.

Q: Well, looking at the India economy, the budget and all that, hodid you find their figures?

DUNCOMBE: Good.

Q: I mean, what you got was pretty good?

DUNCOMBE: I don't recall having any real problems with the numbers,the way I had problems with the numbers in Egypt.

Q: Looking at the budget and all, did this seem to be a well rugovernment?

DUNCOMBE: The Indian concept was self reliance. To that extent, they had a national plan and state enterprises. They had all sorts of incentives for people to locate in various parts of the country, where it didn't necessarily make a lot of sense for them to locate their economic activity. There were virtually no imported goods in India, during the time I was there. Rajiv Gandhi was seen as a great performer on the economic front, but that was only in comparison with his predecessors, not in comparison with what one would think of as liberal economic thinking and openness to market forces and competition, and that sort of thing.

Q: Were we trying to break down the barriers, or were we just sorof relaxed, saying, “This is the way you're doing it, good luck.?”

DUNCOMBE: Our message, to the extent that message could be heard, was that this kind of centralized planning that you have and the notion of self reliance, as opposed to economic competition, is in large part responsible for what even the Indians would refer to as the Hindu rate of growth, a slow rate of economic growth. But, it was based on being more or less self sufficient.

Q: Did we have a commercial officer there?

DUNCOMBE: Yes, a very large commercial section. There was commercial counselor, and there was a commercial attache.

Q: If they are self-reliant and don't buy anything, what were wdoing? What were our commercial people doing in India?

DUNCOMBE: Trying to develop traditional markets. There were no imported consumer goods. There were some industrial raw materials and other products that did need to be imported. It was a very difficult market. In many respects, it was quite difficult to get a beat on the Indian economy in New Delhi, because New Delhi, like Washington, is a political capital, and is not an economic capitol. The economic capital is basically Bombay. The Bank of India is in Bombay. To the extent there was an American business community, it was in Bombay, not in New Delhi.

Q: Did you get out and see Indian factories, and that sort of thing?

DUNCOMBE: Some.

Q: I was wondering, what was your impression of what you were seeing?

DUNCOMBE: Not the cutting edge of being modern. Having said that, I never visited Hindustan Aeronautical, where they were, for instance, assembling Mig jets. This was off-limits. But, one of the high-tech issues we had with them was they wanted to import composite materials, from the United States, in order to develop an Indian fighter aircraft. They insisted they would be able to keep what they were developing as the indigenous Indian aircraft, separate from the Hindustan Aeronautical plant that was operated in conjunction with the Soviets. You can just see the kind of tension that was just below the surface.

Q: During this time, looking at the newspapers, were the Indians beating us over the head about things, with the United States as sort of the natural target?

DUNCOMBE: I don't remember that. At this juncture, I would not really say that the press was in control of the government. It was a pretty free press. There was criticism of the government in the press. There were lots of newspapers. I would not regard looking at it from, not having been there for 15 years now... My recollection is not that we thought there was an Indian press, there was a government spokesperson, putting out whatever the government was telling them ought to be the official line.

Q: Was Indian society relatively open to Americans? Were you seeineach other, that sort of thing, or was it pretty formal?

DUNCOMBE: No. Aside from government contacts that were sometimes very cordial, sometimes very stiff... Let me put it that way. We lived in an Indian neighborhood, albeit just two or three blocks from the embassy compound. We had a number of friends in the neighborhood. I saw them socially, frequently. We visited many Indian homes in New Delhi. I traveled around the country, and visited many Indian homes.

Q: Were there any things that the United States was closely involved with, such as agricultural changes or working on population? Was any of this going on?

DUNCOMBE: I can't remember at this juncture. There was a small U.S. AID program in India. I say small, in comparison to Egypt, where I had just come from. It was small in comparison to Indonesia, where I was about to go. It wasn't minuscule. It must have had maybe a dozen or two direct hire Americans involved in it. Quite frankly, I don't remember at this juncture just what the focus of their activities was.

Q: In looking at the economy, did the class system intrude?

DUNCOMBE: Oh, absolutely. Just as an example, thinking about the situation in our own home. I very distinctly recall one day, while we were waiting for lunch, one of my daughters looking around, assuming she can see through the walls, counted there were seven people working for us in our house. There was the chocidar, who was the guard that tended the front gate. Then, there was the gardener who raked the leaves on the lawn, but the gardener would not sweep the front walk. So, there was an outdoor sweeper who came every day to sweep the walkways, in the front and the back of the house. But, the outdoor sweeper does not do the indoor sweeping, so you had the indoor sweeper, who essentially dusted and vacuumed and that sort of thing. Then, you had the cook, and then you had the dohbi, who did the washing. I don't remember what the person was called who did the ironing. But, the person who does the washing doesn't do the ironing. Basically, if I have remembered them all, there were seven such people. We did not have a driver. We drove ourselves. In fact, we almost never drove, because we lived in walking distance of the school and my office. In the two years we were in India, I think we only put about 4,000 miles on our automobile.

Q: How did you find the Foreign Service national staff there in yousection?

DUNCOMBE: Oh, very capable.

Q: I would imagine they would be.

DUNCOMBE: Very capable. India basically had at that time maybe 850 million people. I thought of it in terms of three different countries. There was a country of 150 million people, that were well educated, modern people, just like you and I. There were another 300 million people who aspired to that status. Some of them had a good deal of opportunity to have upward mobility into this modern, well-educated population. Then, there were approximately 400 million people living in the stone age.

Q: Were we trying to do anything, that you recall, from the embassy point of view, rather than the AID point of view, toward helping the wholeness, or anything like that? Were there any embassy-run programs, maybe by the wives?

DUNCOMBE: We had a very active bilateral program of educated, cultural and scientific exchange outside the AID program. I helped negotiate the formal agreement for funding these exchanges.

Q: Well, in 1987, you left for Indonesia?

DUNCOMBE: That is correct.

Q: Was this relief that you left India, or did you like India? Hodid you feel about it?

DUNCOMBE: I enjoyed India very much. In fact, I had extended for a third year, and then I got promoted. I said, “Well, that's nice, but I'm here for a third year.” Then, I started getting contacted from various offices in Washington about other job possibilities. I said, “Well, if Washington is going to regard me as mobile, I will regard myself as mobile.” I had no particular interest in returning to Washington, but the economic counselor position in Indonesia suddenly became vacant. With the support of the ambassador and the DCM, once I had made the necessary contacts, I was allowed to curtail my tour of duty, back to two years in India, and move onto the economic counselor position in Indonesia. As I said earlier, when George Kenney retired, the bureau in Washington and the embassy had wanted to make me the counselor in India, but senior assignments would not release it. I

preferred to be the head of the section, rather than number two. I was able to line up the Indonesia assignment. The embassy concurred in letting me move on.

Q: Who was the DCM when you were there?

DUNCOMBE: Gordon Streeb.

Q: Where is he now, do you know?

DUNCOMBE: He is retired, and I believe with the Carter Center iAtlanta.

Q: So, in 1987, you were off to Indonesia?

DUNCOMBE: That is correct.

Q: You were there from 1987 to when?

DUNCOMBE: 1991.

Q: 1991. Who was the ambassador when you got there?

DUNCOMBE: Paul Wolfowitz, the only political ambassador I ever had. He was excellent. A very, very capable and insightful individual. He was very courageous in his public speaking. The message he was constantly giving to the Indonesians was that, “Yes, you are doing well, and are open on the economic side, but economic openness requires, if it is to succeed, to have political openness.” The political system was not an open system. The Soeharto government was a very authoritarian government. It was certainly not democratically elected, in any meaningful sense. Wolfowitz' message was that if you are going to succeed, you have got to have an open political system that matches your open economic system. In hindsight, if you look what has happened in Indonesia in the last decade, he was absolutely right.

Q: Oh, absolutely. When you arrived there, how would you describthe Indonesia economy?

DUNCOMBE: Doing quite well. They had followed sound advice, in terms of management of their exchange rate, and their agriculture. They had moved away from being an enormous rice deficit country, rice being the staple element in the Indonesian diet, to a point, by the time I arrived in 1987, to being trend self-sufficient in rice. By trend self-sufficient, I mean in some years they had to import a little, and in some years that had a little bit to export. But, basically, they had become self-sufficient in their staple food product. They were feeding themselves. Wages were very low, but the number of people in poverty, however you define that, was on the decline. If you looked at what they were doing by way of schooling, virtually everyone had access to at least primary education. As you walked around the country and looked at the people, you did not see many signs of malnutrition and other things that would accompany total deprivation. The kids that went to school were all reasonably well dressed. Many of them were without shoes, but in the tropics, shoes aren't always at the top of your agenda.

Q: Dealing with the Indonesian government, how did you find youaccess and statistics, and that sort of thing, that you need?

DUNCOMBE: The statistics were not published in English. Since I had not had Indonesian language training, I had to rely on others for the statistics. But, we certainly thought the statistics were adequate. Some sources were English. I don't want to paint entirely the wrong picture. In terms of access on the economic side, it was outstanding. Most of the people I dealt with in the ministries were western educated with a Ph.D. in economics.

Q: Were you seeing signs of a problem that later hit Indonesia and that whole area? I'm talking about corruption, Soeharto family ties to people, but also loans given out from banks that weren't really supported, and that sort of thing. This is endemic in that area, not too long ago, which sort of blew up in everybody's face.

DUNCOMBE: Of course there were signs of that. But, jumping ahead to my next tour, which was in Nigeria, the way I described it to a reporter that broke the ground rules, and stated in attribution that enabled everyone to identify who he had been talking with. I characterized it in Indonesia, as facilitative corruption, whereas in Nigeria, it was malignant corruption. In Indonesia, for instance, the daughter of the president would get loans at preferential rates from banks to build toll roads. The roads got built, and the traffic moved, whereas in Nigeria, nothing got done.

Q: There is sort of the contrast with AID people, just what you're saying. In Asia, the Asians dealing with AID funds, would take ten percent, five percent off, whereas those in Africa would take 100%. Things just didn't seem to get done.

DUNCOMBE: In Indonesia, things did get done. Not all of it was productive, but the roads did get built. There were some very excellent roads built in and around Jakarta, in the city where traffic could be a horrible problem. Something that was very controversial was the minister of science and technology, BJ Habibie, who in fact became president for a short while, after Soeharto was removed. An aeronautical engineer who Soeharto brought back in the mid-1970s to be his minister of science and technology, had developed in Bandung an aircraft facility. He did in fact design and did produce an Indonesian aircraft, which I flew in a number of times, and am here to tell the story. They were producing, under contract with Boeing, components for Boeing aircraft. The whole concept was all wrong. This is high-tech trickle down. It was a misguided effort, in my opinion. But, the fact of the matter is it was an operating, very modern, high-tech industrial establishment.

Q: When you say high-tech as trickling down, in your eyes anAmerican eyes, how should it work?

DUNCOMBE: It's not employing a lot of people. But, in all fairness, it was training a cadre of very skilled people, who if they were to move onto other endeavors, would have all sorts of management and technical skills that might be transferrable to other sorts of activities.

But, in the first instance, it's an awful lot of money that is going into a facility that produces a showcase kind of product, rather than providing job opportunities and training for the masses.

Q: Was there much room for entrepreneurs to start up new businesseand that sort of thing?

DUNCOMBE: Yes, if you knew the ropes and how to get around the obstacles that non-transparent bureaucracies will throw up from time to time.

Q: With Americans coming in, were they at a disadvantage, to say thFrench or others...

DUNCOMBE: No.

Q: ...Because of constraints on our ability to pay commissions, anthat sort of thing?

DUNCOMBE: I'm sure you would be able to find some American business people who would say that the Foreign Court Practices Act was an obstacle to their doing business, although I never had anyone tell me that, to my face. That would mean they were trying to bribe. So, they are not going to come in and say, “Hey.” We were not able to bribe. I'm sure you would find people who would say that was an obstacle, but having said that, there were many Americans operating successfully in Indonesia. The Am Cham was a very vibrant...

Q: American Chamber of Commerce.

DUNCOMBE: The American Chamber of Commerce was a very vibrant, active organization. Certainly, the oil companies, the American companies were the dominant oil companies in this sector of the Indonesian economy. Caltech was the major producer with a facility in central Sumatra. Mobil had a large gas project in northern Sumatra, producing liquified natural gas. Unocal was operating in Borneo, and there were a number of others. By the way, under their production sharing contracts, they did have some tension from

time to time about the number of expatriate employees, but by and large, they were not at all dissatisfied with the arrangements they had with the Indonesian government.

Q: Were you getting any complaints or concerns about members of thSoeharto immediate family wanting a piece of the action?

DUNCOMBE: Oh, yes. All the time.

Q: So, what happened?

DUNCOMBE: Sometimes they got a piece of the action, and sometimes they didn't. Sometimes things did not go through because the spoils were not being shared in the way that the local power really wanted it to.

Q: We learned to be pretty comfortable with this system?

DUNCOMBE: I don't follow your question.

Q: Were we going around saying, “You have to be...” You mentioned Ambassador Wolfowitz was saying, “You have a good, modern economy, but you have to sustain it to sustain the country, you really have to have a much more open political system.” Were there elements within the economic system? For example, too much family influence? Were we seeing this as impeding economic growth?

DUNCOMBE: Yes.

Q: Were we making this known?

DUNCOMBE: In the context of what was diplomatically appropriate,yes. Many of the Indonesians would put out the same message.

Q: It was an open secret. The sticky hands of the Soehartbusiness, and others, I guess.

DUNCOMBE: The ambassador is not going to get up and say that the president and his family are a bunch of crooks. The Indonesian trade minister is not going to get up and say that the president and his family are a bunch of crooks.

Q: What about this big Indonesian family that later got implicatewith the Clintons?

DUNCOMBE: The Riyadi family.

Q: Yes. Who were they? What sort of power were they?

DUNCOMBE: They were very influential. I remember them as being very influential in the banking sector. I knew several of the Riyadis. I don't think I knew James who was the person I recall mentioned in connection with some of the Clinton issues. I knew them as bankers. Indonesia has a number of conglomerates, very large family-controlled, multifaceted enterprises. The Riyadis were one of the families that headed up these conglomerates.

Q: How did we see the banking system there? Was it a healthy banking system, or were they over extended in making loans to politically correct people, or something like that?

DUNCOMBE: There were private banks, and there were government supported banks. I think our feeling was that on balance the banking system was functioning well at the time I was there. Whether or not individual banks were overextended and had problematic balance sheets... If that was the case, it was not something that we were focused on.

Q: When American business people came to Indonesia, and dropped by to see you, were we touting Indonesia as a good place to invest, or were we telling people to be careful? How were we dealing with it?

DUNCOMBE: I think one of the pieces of advice given at all the embassies I was in was that you wanted to be very sure that you know exactly what you are doing, and have

your eyes wide opened. But, in that context, Indonesia was viewed as a good place for American companies to consider doing business.

Q: Were you looking beyond President Soeharto? Obviously, everybody's time is limited, but was there the feeling that this was getting toward the end of his regime, and looking to see who might take over afterwards?

DUNCOMBE: Certainly. In the context of Wolfowitz' message, “What kind of a political system are you going to have that is going to provide for a stable transition to a new administration that everyone knows is inevitable?”

Q: Were the French, the Dutch busy there? Did we find ourselves icompetition with other countries? The Japanese?

DUNCOMBE: Always. But, no one had any particular inside advantage. The Japanese were very active. The French were active, the Dutch were active, the Brits were active. Indonesia is a large country, a reasonably open country, economically. Foreign investment was open. Foreign trade was welcome. There were many opportunities. Many, many western countries were actively involved commercially, and otherwise economically in Indonesia.

Q: Were there many Indonesians getting trained in either technicasubjects, business. Were they going to the United States?

DUNCOMBE: Primarily to the United States.

Q: Was there a good solid cadre of American trained people in thbusiness community and in the government?

DUNCOMBE: Yes. When I arrived, the economic coordinating minister, Ali Wahdarna had a Ph.D. in economics from Berkeley. Professor Widjojo, the leading eminence in the Indonesia economic community, had a Ph.D. in economics from Berkeley. The

man who became the governor of the Central Bank, Adrianus Mooy, had a Ph.D. in economics from the University of Wisconsin. The planning minister, Salef Affif had a Ph.D. in economics from Oregon. The junior trade minister, once they split the trade portfolio into two parts, Soedrajad Djwandojo, had a Ph.D. from Boston University. The finance minister, Suiderman, had a Ph.D. from the University of Pittsburgh. Habibie was trained in Germany. The trade minister had a Ph.D. from Germany. Radior Pawiro, another one of the economic coordinating ministers, and finance minister, had a Ph.D. in economics from Rotterdam. These are western trained technocrats. Most of them were trained in the United States.

Q: How did you and your wife and family find life there?

DUNCOMBE: Very comfortable. Traffic could be a horrible problem on some of the thoroughfares. We did have a driver. At the store, you could buy anything. There was excellent domestic and imported food available, and very affordable.

Q: Were your children going to school there, or were they older?

DUNCOMBE: We in fact stayed for the fourth year, not only because we enjoyed it, but so our youngest daughter could graduate from high school.

Q: In 1991, when you left in Indonesia, looking back at it, how diyou see the future for Indonesia at that time?

DUNCOMBE: On the economic side, it looked very positive. There was this political cloud as to whether or not they were going to develop something resembling viable democratic institutions, and how the eventual transition at the end of the Soeharto era was going to work itself out. It turns out that it was a very uncomfortable divorce.

Q: Were we looking at that time at Indonesians, as China being a birival in production, or just a good market?

DUNCOMBE: I'm not sure what the drift of your question is.

Q: Well, China was beginning to develop an entrepreneurial economat that time, wasn't it, by 1991?

DUNCOMBE: I haven't followed that timing of the Chinese emergencto...

Q: Well, did we think about the Chinese economy at that time of being a threat or an opportunity for the Indonesians?

DUNCOMBE: Certainly China would be a potential competitor for the Indonesians as well as a potential competitor for everyone else. China is enormous. Assuming they succeed economically, and continue to succeed economically, they are going to be a competitive force that not only the Indonesians, but others in east and southeast Asia and around the globe are going to have to figure out how to compete with.

Q: Well, while you were there, how did Indonesia, from an economic perspective, relate to its neighbors? I'm thinking of the Philippines, Malaysia, Vietnam, and India too.

DUNCOMBE: Well, Indonesia was one of the founding members of the ASEAN group, which at the time I left was six. It was Indonesia, Singapore, Malaysia, Thailand, the Philippines, and Brunei. The avowed principals of economic cooperation in ASEAN were more vows than matters that were delivered in fact. The trading relationship between the ASEAN states was fairly limited. That is partly because their economies in a number of respects were very, very similar, with the exception of Singapore.

Q: Did the oil fit into the economy? In some places, oil becomes so dominant, and there is nothing else. Was there a comfortable fit, do you feel, in the economy, with its oil revenues?

DUNCOMBE: Yes. Oil was important, but it did not dominate the life of the country. The Acehenese in the northern province of Sumatra were constantly raising the issue of the equitable distribution of monies from the extracted resources. The other major oil producing areas, which were Riau province and central Sumatra, and East Kalimantan and Eastern Borneo, this issue was not raised systematically, in terms of the equitable distribution of resources. In Riau and East Kalimantan, they basically viewed themselves as part of Indonesia, and realized that a lot of resources were being developed for the extract of... A lot of revenue was being raised from the extracted resources in these provinces. They were not chomping at the bit about what was being used for developments in other parts of the country, in the same way the Acehenese were. The Acehenese have a special problem for several reasons: First of all, it was a serious Muslim province, as opposed to an Indonesian Muslim province, where especially in Java, traditional religions and Hinduism, mixed with Islam, in terms of a much easier going non-militant type of Islam. But, in Aceh, it was a very different attitude. Then, as the natural gas was developed, you had the construction of a large liquification facility. There were two fertilizer plants that were built in connection with it, and a very large Kraft paper plant. During the construction phase, that essentially ended during the time I was there, many workers were brought from Java to work on these construction projects. Then, when the construction work ended, there they were, without any formal program to repatriate them to Java, and tensions were developing within Aceh itself, albeit between Indonesians, Javanese Indonesians, as opposed to Acehenese Indonesians, and Muslims, but Javanese Muslims, as opposed to more serious Aceh Muslims, that was giving rise to a whole variety of tensions within the Aceh province.

Q: Were we looking at and concerned about the depletion of thforests in Borneo, or in other places?

DUNCOMBE: Some people were. There were those who would oppose cutting any tree, under any circumstances at any time. There are others who would say, “Let's go, let's cut.”

There are others, myself included, who think they were cutting a lot of timber, but in many areas, it was being replanted albeit to a monoculture, for purposes of providing feed stock for paper mills, palm oil and rubber plantations, and that sort of thing. What you had was the development of tree plantations, much like what we have in many parts of the United States, where what was originally in the colonial periods, a multi cultural forest, has now been replaced by managed forests that are cut and replanted.

Q: But, you saw a system that was not just despoiling the arewithout replacing it?

DUNCOMBE: In some areas, that was happening, certainly. There were people going in, doing illegal logging, where replacement was not taking place. This would be primarily in Borneo, I think. I'm not saying that there were not problems. As you know, people that are concerned with environmental issues have many different perspectives on them.

Q: Yes. Well, you moved from this, I take it, an enjoyable tour? It sounds like a real challenging place. It had a thriving economy, a place where you could really get your teeth into, as far as we're concerned, but also nice people.

DUNCOMBE: I enjoyed my time there very much, professionally. Once you get away from the Indonesian cities, the countryside itself is beautiful. It was a real pleasure. Although I did not have the language, in Jakarta, that was not a serious problem, because all the people I had to deal with professionally spoke excellent English. We had excellent access, with very few exceptions. The ambassadors, Wolfowitz, and then Monjo, would allow me to call in ministers, and many ministers would be quite content to receive somebody below the ambassadorial level.

Q: Well, then, you moved from this country in 1991, and you went tNigeria.

DUNCOMBE: That is correct.

Q: You were in Nigeria from 1991 to when?

DUNCOMBE: 1993.

Q: How did you feel about that job?

DUNCOMBE: I volunteered for it. I essentially was voting with my feet... I am personally convinced that the computers were programmed in such a way that if somebody bids on a job in Nigeria, without any further consultations, they sent out an assignment notice.

Q: Over the years, initially, there was a great deal of enthusiasm about Nigeria. I'm thinking about in the early 1960s. But, that got dissipated pretty soon. There was the Biafran War, a series of military dictatorships, and then misuse of natural resources, and all that. Was Lagos the capital?

DUNCOMBE: Yes and no. How is that for a bureaucratic answer?

Q: It's a great one. You better explain.

DUNCOMBE: Back in the middle of the 1970s, Nigeria decided to build a new capitol in the center of the country, partly to open up the center of the country, partly to get a capitol that would not be in Yoruba land where Lagos is, or Iboland, where the Biafra Civil War centered, or Hausaland, which is the north. It would be politically in between and, perhaps a unifying force, in a country that has many forces at work for fragmentation. By the time I arrived in 1991, Abuja was up and running, far enough along in its construction that the presidency had relocated there. The foreign ministry was located there. A number of other ministries and the central bank moved there during my tour. So, you have the former political capitol and the economic capitol, Lagos, that is losing its political capitol role to Abuja, that is eight to ten hours away by road, an hour or so by air. It was where the presidency was located. By the time I left, the foreign ministry, the trade ministry, the finance ministry, the central bank, and several others were there. It was a difficult environment in which to carry on your diplomatic work, because depending upon who you needed to see, they might be in Lagos, or they might be in Abuja. Transportation is very

difficult in Nigeria. Getting to the airport is a major undertaking in itself in Lagos. Air travel is very chaotic. That is a nice way of describing it. It was very difficult to carry out your work there.

From my viewpoint, as the economic counselor, number three in the embassy, since the ambassador and the DCM had to be in Abuja on many occasions, I was officer in charge in Lagos, and in many respects, had major responsibilities for running the embassy, which essentially did remain in Lagos. We had a liaison office in Abuja. I had a very interesting time, with substantial management responsibilities that transcended what ordinarily would be the responsibilities of the economic counselor, even when the ambassador and DCM were in the country. The ambassador and the DCM would frequently be in Abuja for purposes of doing what they had to do with the president and foreign minister, and the other ministers, who increasingly were located there.

Q: Who was the ambassador and the DCM?

DUNCOMBE: DCM, during my two years there was George Trail. The ambassador the first year was Lannon Walker, and the second year was Bill Swing.

Q: I know when you move a capitol from a busy place out into the middle of nowhere... We have had Canberra, we have had Brasilia. Even the United States went through this. Washington, DC was sort of a swamp at one point. But, it's very hard to get the democrats to move. How was it working with the Nigerian government?

DUNCOMBE: They were moving, but not everyone at once. The ministers, as I say, were moving. The Central Bank, for instance, most of the staff remained in Lagos. The governor of the Central Bank and his chief advisors had all moved to Abuja by the time I left.

Q: How did you work it then? Would you go mainly for a week, and go up and stay at Abuja, and put together your business, and try to do everything at the same time?

DUNCOMBE: I went to Abuja on several occasions for three or four days at a time. The ambassador and the DCM went much more often because they were the ones that, in many instances, had to have the ministerial contacts. Because a number of the commercial disputes that we had in Nigeria were associated with business scams and that sort of thing, I had a part because the minister of transportation with the attorney general remained in Lagos. I did call on these people, on my own, on many, many occasions, partly because they were Lagos, partly because of the nature of the business disputes that we were working on. It's a difficult environment to operate in when the government is in two different places.

Q: During the time, 1991 to 1993, how did you find the Nigeriaeconomy?

DUNCOMBE: It's a shambles. Nothing worked. Many people, including a World Bank economist, pointed out that in 1960, Indonesia and Nigeria were in approximately the same stages of economic development. Basically, what happened from 1960 to the early 1990s, is that the Indonesian economy progressed significantly, and the Nigerian economy deteriorated regularly. With the coming of the oil monies, the Nigerian economy just went on a precipitous decline.

Q: What was the decline or problems?

DUNCOMBE: They maintained an exchange rate that was way over valued, so that the country started, because of the inappropriate exchange rate, to import food rather than produce it domestically. They destroyed their agricultural base. The Indonesians, meanwhile, because they managed their exchange rate much more sensibly, went from being a food deficit country, to food self-sufficiency. Nigeria went from being food self-sufficient to a significant food deficit country. They subsidized the price of gasoline, for instance; a gallon of gasoline, during the time I was in Lagos, cost about three cents.

Q: We're talking about gasoline. In the United States, which was one of the cheaper areas, it was about a dollar, I think, at that time, maybe a little less.

DUNCOMBE: The early 1990s, I don't know.

Q: I know, but it gives you an idea.

DUNCOMBE: But, the absurdity of it is that gasoline in Nigeria retailed for about three cents a gallon. The neighboring CFA countries, franc countries, the price was about $5.00 a gallon. You can imagine what's going to happen.

Q: Ah, yes.

DUNCOMBE: Nigeria, which produces a lot of oil, had a refining capacity of 400,000 barrels a day, but the refineries didn't work. So, they were producing things far less refined product than their domestic needs. Therefore, they had to import refined gasoline at world market prices. They were putting domestic production and imported gasoline into the retail market at heavily subsidized prices. Not surprisingly, it was smuggled out of Nigeria, into the surrounding CFA countries, in such large volumes, for instance, that Cameroon had to close its refinery. There was so much smuggled product coming into Cameroon from Nigeria. I remember being down in the Port Harcourt area one day, and saw two or three miles from one of the refineries, tanker trucks that had picked up refined products for local distribution, loading it onto barges, which I was reliably told was going to be taken to Gabon or Angola.

Q: What was the government of Nigeria while you were there?

DUNCOMBE: A military dictatorship. The president was a military man who came to power as a result of a coup, Ibrahim Babingida. He was a fairly benign fellow, as compared with the military man who followed him.

Q: Was that also a source of impediment to solid markets? I mean, was this a regime that at the top was taking money out, and making wrong decisions, that sort of thing?

DUNCOMBE: Constantly.

Q: We talked before, and you said, “Well, at every embassy, an American comes in and asks if he should invest.” There must have been an awful lot of body language if anybody came in to ask if they should invest in Nigeria. Or, was it so self-evident that nobody came to look for investments?

DUNCOMBE: There were two kinds of things. One was the oil companies. Oil companies come because they have to go where the oil is. Aside from that, almost no serious business person came to Nigeria. I knew I was in for an interesting tour when I read in my London Economist on the plane as I was leaving Indonesia, an ad from the Nigerian Central Bank warning foreign businessmen against the business scams being run out of Nigeria.

Q: That seems to be almost a tribal trait or something. I receive on the Internet, and my colleagues do, but this is in my own e-mail, maybe once a month, something that says, “If you'll help me get twenty-five million dollars out the bank... I need you,” because of this or that. It's a scam. People keep falling for this.

DUNCOMBE: That's right. It happens all the time. You can't imagine the rapacious greed of some people, that will lead them to do, repeatedly, stupid things.

Q: I was reading about some American doctors who are caught up in this thing. This is within the last month or two.

DUNCOMBE: Oh, sure.

Q: They're asking themselves how stupid can they be. Also, what is known as scams is a Spanish prisoner ploy. “Help me get so much money,” or help get something out. How involved did you all get in the economic section?

DUNCOMBE: Constantly.

Q: Did you have a scam officer?

DUNCOMBE: It was primarily handled by the commercial attache. In the embassies we call it the 471 program, or 417, I can't remember exactly. This was something that all embassies worked on. It was not just Americans that got hooked into this. The Brits and everybody else were actively concerned with this sort of thing. You can't imagine the number of people who thought a deal was too good to be true, and willingly parted from their money, in pursuit of rapacious greed. They had such serious difficulty that in several instances, the people in our consular section felt it necessary to take dupees who were in deep kimchi with their Nigerian partners, overland to Cotonou in Benin, to fly out of West Africa. It was deemed too dangerous for them, even if they were to get into the sterile area of the airport, to try to fly out.

Q: I guess it just shows that you can fool some of the people all the time, really. After a while, was the experience such that if somebody came in with this, there really wasn't much to pursue, just get them the hell out?

DUNCOMBE: That is correct.

Q: Because I take it, with this going on all the time, there's no particular recourse for recovering funds?

DUNCOMBE: None whatsoever. If they want to throw more good money after bad, by trying to engage local counsel and pursue it in court, there was no chance whatsoever.

Q: This must have caused a certain amount of screaming and yelling on the part of these stupid people, coming to you and saying, “You've got to do something,” or not? Were most of them pretty calm about it?

DUNCOMBE: I think they pretty well had realized that they had made big mistake.

Q: I had a friend who was a banker in Baltimore. He said that as soon as somebody came in and could be identified as a Nigerian, into the bank, they would practically shut all the windows, and shut the doors, because there were more schemes than you could think of. The Nigerians were a lot faster on their feet, in these schemes, than American bankers.

DUNCOMBE: I'm not surprised that someone would have told you that. They made an effort, toward the end of my tour there, to try to put in an interim civilian government, and try to turn the economy around a little bit. The chairman of what they call the Transitional Council, Ernest Shonoken, who was a nice man, and I'm sure an honest man, constantly was asking me why American investors were not coming to Nigeria. I said that there were at least two reasons: When Nigerian investors have the confidence to invest in their own country, American and other foreign investors will have the same confidence. In other words, if you establish a good set of property rights, transparent administration, and transparent legal system, so that Nigerians would have the confidence to invest in their economy, than other foreigners would, if they saw opportunities, have that confidence as well. The second point is, for most people who come to the country, their first impression and last impression of the country is the airport. If you have never flown in and out of Lagos and are looking for a bizarre experience, go and try to fly in and out of Lagos International Airport. It is a dump. You are constantly being hit up for bribes. That is the impression anyone coming in would face, a dump. That is a kind way to describe it. It is shabby, it is unclean, ill lighted, and everybody hitting you up for bribes. The same is true as you leave.

Q: What was his response? He probably put his hands up in despair.

DUNCOMBE: I don't know if they don't care, or they aren't willing to see it. Before the finance minister moved to Abuja, his office was on the tenth floor of a very run-down government office block in central Lagos. For VIPs like the ambassador, there was an elevator that would take you up to the floor where you could get to the minister's office. It was the same elevator the minister would take to get to his office. When you step off that elevator, right to the right is a men's latrine, where the drains probably stopped working 10 years ago. To get off the elevator and walk down to the minister's office, you have to walk through a pool of piss. His excellency, the minister, does that every time he comes to and leaves his office. The ambassador and his economic counselor, every time we call on the minister, have to walk through this pool of piss. People wonder why foreign investors don't come and do business in that country. It is so self-evident. But, having said that, I had a wonderful time. If you can enjoy the bizarre... Every day you went to the office, you would have no idea what was going to happen, but it was always interesting.

Q: It sounds like you would be reporting on a failed economy, and aa certain point, what's the point?

DUNCOMBE: During the time I was in that embassy, I don't think anyone... As you know, embassies are always accused of being client for the host government. I don't think we ever sent a report out of the embassy in Lagos, during the time I was there, that any reader in Washington would accuse us of having caught clientitis.

Q: In a way, it sounds like if we hadn't, we probably should havalmost written the place off.

DUNCOMBE: We basically have. There was essentially no foreign aid program. There was a very small program. I think there was one AID officer. USIS was fairly active. There is a core of well-educated Nigerians and USIS was trying to maintain some sort of relationships with them. As I recall, on one occasion, for instance, the OES Bureau sent out a cable saying that they would like us to identify a number of Nigerian centers of excellence, that they could be in contact with for working up collaborative programs of a

scientific joint endeavor. We, in the embassy looked at this and sort of laughed, and didn't even bother to answer the cable. Three or four months later, we got a follow-up message from OES saying, “Hey, you haven't answered that message. We want to have some Nigerian centers of excellence.” I got together USIA, the commercial section, the economic section, the political section, and the rest of the elements of the embassy. We sat down and said, “Can we identify a center of excellence that might be suitable for scientific collaboration?” The answer was that we could not. There is one: The International Institute of Tropic Agriculture, in Ibadan (IITA). It is already very well funded internationally. It had no need for a small grant from an OES collaborative project. The message we sent back to Washington was, aside from IITA, there are no centers of excellence in Nigeria. Twenty years ago, there were good universities. The universities were universally in shambles.

Q: I knew a Foreign Service officer who got his Ph.D. and went out to Nigeria to one of their supposedly top-rate universities, about the time you are talking about. Somebody was on strike almost the whole time. It was absolutely a worthless exercise.

DUNCOMBE: Absolutely. The universities are a joke. I remember talking to a professor at one of the universities in the north, Zaria University, and asking him what sort of materials he used for current research. He said that he was lucky to get three month old Time magazines. I wandered through the library at the University of Ibadan at one point. I don't think there was a book in the University of Ibadan library that was less than 15 years old. It's a disaster.

Q: Were there any signs of hope, by the time you left there in 1993?

DUNCOMBE: I didn't see very many. At the time I left, in July 1993, they had had an election in mid to late June, ostensibly for a civilian government. The wrong candidate was clearly winning, and they canceled the election results. Sometime after that, the military president, Babingida, was replaced by a new military president, Sani Abacha, who from everything I have read in the newspapers, made Babingida look pretty good.

Q: Until he died, he was a pretty nasty person, and didn't help aall. In 1993, you left. Wither?

DUNCOMBE: For Washington.

Q: They finally got you.

DUNCOMBE: I had been out for 14 years, continuously. I thought it was time to return to the United States, partly for family reasons. My parents were not getting any younger. I came back and served for two years as the director of the Office of Investment Affairs.

Q: How did you find that?

DUNCOMBE: Very frustrating. It was the first and only job I had in Main State, in a mainline diplomatic job. The Foreign Service Institute was an entirely different proposition. I had been out of the country for 14 years. I had never experienced what you have to go through by way of the clearance process, both within State and with other agencies. I was not accustomed to people staying in the office until 10:00, 11:00 or 12:00 at night, simply because somebody further up in the organization chart might feel they needed to have some staff work done. While I enjoyed some aspects of the work very much, particularly going to meetings at the OECD, I very quickly discovered I was not, and I will admit it, quite frankly, a very effective Washington bureaucrat. I did not want to be.

Q: I spent most of my time staying out of Washington, too. What wathe main thing you found your office doing?

DUNCOMBE: We dealt, primarily, with three kinds of issues. It is the Office of Investment Affairs and State, in conjunction with counterparts at STR, that has the lead in negotiating bilateral investment treaties with a variety of countries.

Q: STR means Special Trade...

DUNCOMBE: We had an active program in negotiating bilateral investment treaties with many of the countries of the former Soviet Union, and others. It was a very active program. The Office of the Legal Advisor that does the legal work on treaties said that my office sent up more treaties for preparation for Senate ratification than any other place in the government. We were probably sending up four or five treaties a year, for purposes of getting them ready for submission to Congress for ratification. Second, we handle investment disputes of Americans abroad. The primary ones we dealt with were in Nicaragua and Costa Rica. Third, I was the head of U.S. delegation to meetings of the Committee on International Investment and Multinational Enterprises at the OECD. I found the multilateral diplomacy quite interesting. I rather enjoyed going to the meetings, although I must say I got sick and tired of commuting to Paris. Albeit, it is better to commute to Paris than to Lagos.

Q: How did you find the OECD as an organization? Was this easy tdeal with?

DUNCOMBE: If I remember correctly, when I first started going, there were 24 members. Mexico came in during the time I was there and the Czech Republic and Hungary were beginning to meet regularly with it, and have since become members of the OECD. Korea has now become a member. As membership increases, it will become even less homogeneous and in some respects, perhaps more cumbersome.

Q: Well, it's beginning to duplicate the World Trade Organization,isn't it?

DUNCOMBE: No. The World Trade Organization has almost universal membership. The OECD still is an organization of the more developed democratic countries, although as you bring in Mexico and the Republic of Korea, you are bringing in countries that may very well succeed and become like the other members in time. They are lower income countries, but the OECD still does not have universal membership, by any means.

Q: In our treaties and all, did you find... These new countries were opening up. Were we taken advantage of or giving advantage to these countries? What was our attitude? Or were there constraints, where they had to pretty much fit into a basic treaty pattern?

DUNCOMBE: We had basic principles in our treaties: the willingness to submit investment disputes to binding arbitration, not having performance requirements on foreign investors. We had certain constraints that we knew Congress would have insist be in the treaties. So, we had our principles. In many respects, these were non-negotiable. But, at the same time, if we were able to negotiate such a treaty with Ukraine, or Belarus, or Albania, that potentially gave them the advantage of giving to foreign investors the confidence that they would be able to receive the kind of treatment that we would expect to be accord to foreign investors.

Q: Well, you did this for two years, until 1995?

DUNCOMBE: That is correct.

Q: Then what?

DUNCOMBE: I thought about retiring. I thought I would go through one more bid cycle to see if I could get myself an interesting DCM job. I went to the historian's office on a short tour. I didn't get my DCM job. I'm not very effective as a Washington bureaucrat, at networking. I recognize that limitation. I found that I enjoyed enormously what I was doing in the historian's office, and stayed there for three years.

Q: Great. What particular piece of the pie were you getting in ithe historian's office?

DUNCOMBE: They were finishing up Lyndon Johnson at the time I camin.

Q: The Lyndon Johnson administration.

DUNCOMBE: That is correct. It was for the Foreign Relations of the United States series. But, I had no particular responsibilities for any volumes there. I did work on a couple of them, tying up some odds and ends. But, they were beginning to think about the Nixon administration. As a new person coming into the office, they asked me to think about the foreign economic policy of the Nixon administration. I was the first person in the office, to systematically start cracking the archives from State and Treasury and the National Security Council, the White House, for the Nixon administration, for the Foreign Relations of the United States series for 1969 to 1972. The first Nixon volume was released in March. It is my volume. There is a second one that will be coming out later this year.

Q: You were mentioning when we were talking “off mic” the other day, that you found you ran into a certain amount of problems when you were approaching things from an economic point of view. That the geographic desks would take umbrage, saying that everything dealing with their country, was their thing, and not the economic side.

DUNCOMBE: Yes. There was that dimension of it. In terms of, for instance, the military offset agreements that were negotiated with Germany. In the Johnson volumes, offset agreements are bilateral relations with Germany. As I started doing the research, and partly because I got there first, I saw this as an economic issue. Senator Mansfield, for instance, regularly introduced amendments saying that we were going to have to reduce our forces in Europe in order to improve the U.S. balance of payments. The Nixon administration negotiated two offset agreements, during the first term, that increased the amount of support the Federal Republic provided for the maintenance of the American forces in Germany. This issue was staffed for Henry Kissinger by Fred Bergsten, who was his economic man, not by his political people. As I went into the archives, the documentation on this was primarily in the economic files, it was not in the Germany files. So, the question is, where do you include this sort of thing? I was gratified to discover that when the first volume came out, that a great deal of it remained in the economic volume.

Q: That was part of the Washington bureaucratic families, too.

DUNCOMBE: Of course.

Q: Well then you retired in?

DUNCOMBE: 1998.

Q: Briefly, what have you been doing since then?

DUNCOMBE: I start everyday by reading the newspaper, anywhere from one to two hours, depending upon how much of an interest. I exercise for at least an hour every day. I try to do some serious reading every day. Not only serious history and other materials, but I read the London Economist and The New Yorker, both of which I regard as serious weekly publications. I read as much of those as I want. I do a lot of light reading. Life is good.

Q: Great, okay, thank you.

End of interview